

An exploded view of a complex mechanical gear assembly, showing various gears, shafts, and housing components in a disassembled state. The components are rendered in a metallic, greyish-silver color, with some parts highlighted in a vibrant green. The background is a clean, light grey gradient.

# Foresight

FOR A SMARTER FUTURE

**WILLIAMS** | ADVANCED  
ENGINEERING

## FORESIGHT WILLIAMS TECHNOLOGY EIS FUND

A unique collaboration  
between Foresight and  
Williams Advanced Engineering

### INVESTOR GUIDE

This Investor Guide is a Financial Promotion pursuant to the Financial Services and Markets Act 2000 and should only be read in conjunction with the Foresight Williams Technology EIS Fund Information Memorandum dated November 2020. Your attention is drawn to the important risk warnings contained therein. Words and expressions defined in the Information Memorandum shall have the same meaning in this Investor Guide

NOVEMBER 2020

# Introduction

## Foresight Williams Technology EIS Fund

The Foresight Williams Technology platform represents an exciting investment opportunity made possible by the collaboration between Foresight Group and Williams Advanced Engineering (“WAE”). This collaboration is based on the combined vision of Foresight Group and WAE.

The platform offers investors the opportunity to invest in a portfolio of early-stage companies developing innovative and transformational technologies across a range of different sectors. The investments are intended to be structured to qualify for the tax reliefs available through the Enterprise Investment Scheme and Venture Capital Trusts.

We are seeking to generate significant returns for investors that are possible through early-stage investing.

The relationship between WAE and Foresight began in early 2015 and based on our combined vision and respective fields of expertise, Foresight launched the Foresight Williams Technology EIS Fund (“the Fund”) in November 2016. The Fund has now raised in excess of £50m and invested into 20 companies, at time of writing.

In December 2019 the Foresight Williams Technology VCT Share Class was launched to complement the EIS strategy. The VCT has a similar investment strategy and the intention is that the EIS and VCT

Funds will invest alongside one another in the future. Foresight has a 36-year track record of fund raising and investing into smaller companies in the UK through tax efficient schemes, working alongside management teams to grow their businesses before exiting to deliver returns for investors.

Our strategy is to invest in companies where we believe WAE’s expertise and services can be harnessed to assist with the development of the businesses, towards successful exits at high value multiples.

A photograph of two men in business suits shaking hands. The man on the left is balding with a receding hairline, wearing a dark suit and a light blue shirt. The man on the right has short, light-colored hair, wearing a dark blue pinstriped suit, a white shirt, and a patterned tie. They are both smiling broadly. The background is a blurred office setting with glass panels.

WAE and Foresight will work alongside each other to provide market leading technical and engineering support as well as commercialisation know-how.

**Craig Wilson**  
Managing Director,  
Williams Advanced Engineering

**Bernard Fairman**  
Chairman,  
Foresight Group

# Foresight Williams Technology EIS Fund

The Fund invests into early-stage, unquoted companies that in some instances are yet to achieve any revenues and in the majority of instances will not have reached the point of profitability.

**Investments of this type carry a high degree of risk of loss of capital.**

The Fund is open on an evergreen basis but investors will be grouped into Investor Cohorts. Investor Cohorts will be determined by the calendar quarter in which you invest. Calendar quarters will end on the last working day in March, June, September and December. For example, if we accept your application and funds on 1st February you will be included in the Investor Cohort which has a Closing Date of the last working day in March. We will start to invest your money after the Closing Date which applies to you. We will aim to invest your money within 18 months of your Closing Date, but it could take up to two years.

### Investors' portfolios will be diversified across at least 10 different holdings

Investors' portfolios should benefit from diversification in at least ten Investments (depending on funds raised and investment opportunities secured). As Investments arise at different times, an Investor might not make the same Investments as

another Investor. The Fund Manager will normally allocate Investments with regard to the value and date of Investors' original Subscriptions and the value of Investors' remaining Subscriptions at the time the opportunity arises.

### The Fund is structured as an Unapproved EIS Fund

The word 'unapproved' applies to the tax status of the Fund, not the qualifying nature of the underlying Investments. Investors in unapproved EIS funds become entitled to claim the tax reliefs as and when shares in the underlying companies are issued.

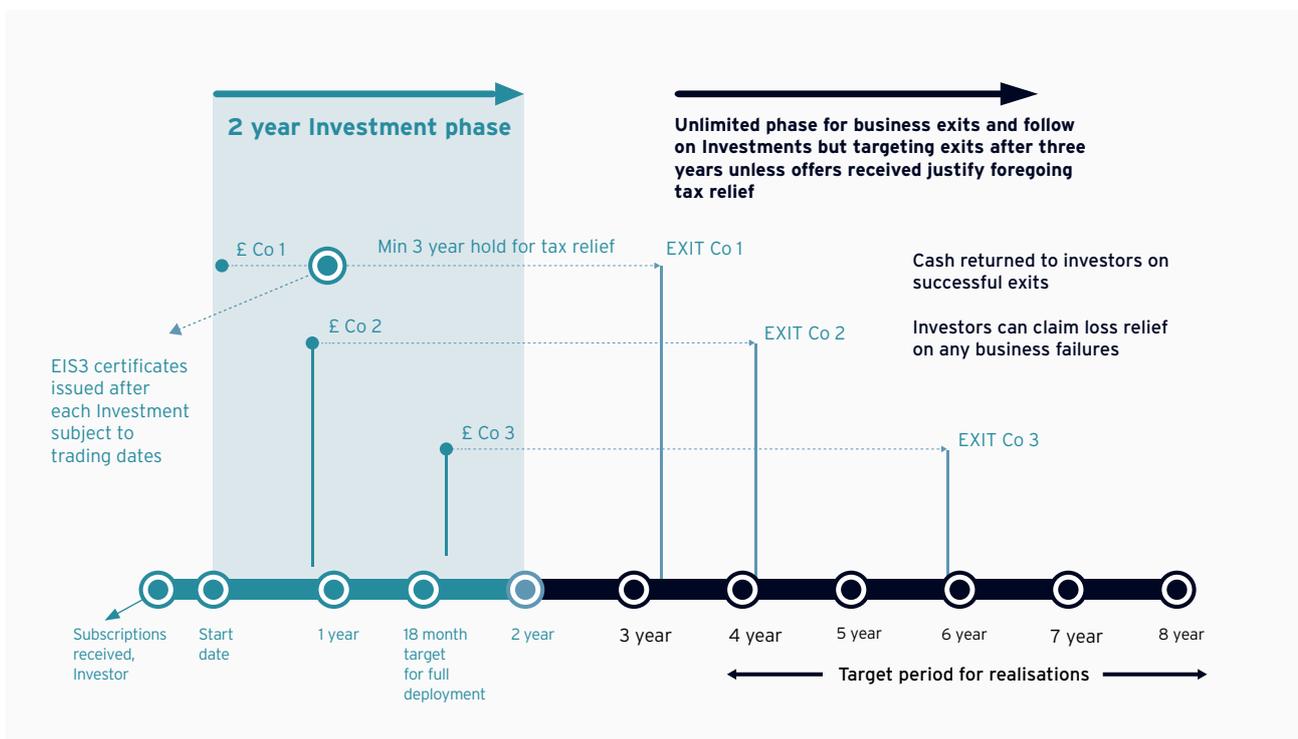
### The Fund should be viewed as a long-term Investment (4 to 8+ years)

It could take up to two years to deploy Investors' Subscriptions into underlying companies, although we aim to complete this in 18 months. Each Investment must be held for a minimum of three years from the point of Investment to maintain the income tax relief and it may take considerably longer than three years to realise Investments on behalf of Investors in order to return money to them.

### Returns will be generated through the sale of shares in portfolio companies

Monies will not be returned in consolidated form at one time. Instead Investors should expect to receive their proceeds over a period of time. Portfolio holdings in the Fund will be illiquid and will be realised from time-to-time as and when opportunities arise. Liquidity is likely to arise over a 4 to 8+ year period.

## Indicative timeline for an investor's subscription



# Investment Opportunity & Strategy

## Technology and engineering innovation at its core

The Fund's core Investment strategy is to focus on early-stage companies with strong intellectual property ("IP"), operating in attractive, substantive markets where WAE's technology, engineering, commercial and promotional added-value support may offer a distinct advantage to Investee Companies. Rather than having a particular sector focus, the Fund will invest principally in early stage UK technology companies aligned to capabilities where WAE can add value. The Fund Manager will also consider co-investing with other EIS funds, VCTs, family offices and/or university spin out funds, beyond the new Foresight Williams Technology share class in Foresight Solar & Technology VCT. This is to provide additional Investment for companies as well as spreading the risk in early-stage Investment.

## Investment size

Initial Investments made from the Fund will typically range between £0.5 million and £3 million, using ordinary shares so as to comply with EIS rules. Where the Fund has made an initial Investment, it is expected that some of the funds raised will be used for follow-on Investments, as the investee companies mature and start generating revenues and profits.

## A strong pipeline of opportunities

The Fund offers investors the chance to invest in a wide range of technology companies seeking to exploit their IP through scalable commercial operations. These technologies are likely

to have been developed by small teams operating in both the academic and commercial sectors. The Fund will use the support of WAE as well as an investment process geared towards tax-efficient risk-based Investments. Investors will have access to a diverse technology base with innovation at its heart. With the combination of WAE's technical, commercial and promotional experience and Foresight's investment expertise, experience of early-stage opportunities and nurturing of UK SMEs, portfolio companies will be offered dedicated support to accelerate their technologies towards commercialisation. Foresight and WAE will work with a wide range of organisations and advisers to identify and develop a strong pipeline of opportunities. This will ensure a breadth of Investments across different markets and technology areas that are aligned to the potential for WAE to add value, such as:

-  **Aerodynamics and thermodynamics**
-  **Battery systems and energy storage**
-  **Composites, materials and nanomaterials**
-  **Data analytics**
-  **Electric machines and drives**
-  **Electronics and control systems**
-  **Lightweight structures**
-  **Prototyping**
-  **Systems integration**

## INVESTMENT CRITERIA

Foresight believes that there are a number of elements that lead to a successful EIS investment. The Fund will focus on the following criteria when evaluating potential investment opportunities.

### WAE VALUE-ADD:

The focus will be on early stage companies where WAE's technology, engineering, commercial or promotional added value support may offer a distinct advantage.

### DISRUPTIVE TECHNOLOGY:

The Fund will seek businesses that have developed market leading and/or innovative technology that has clear commercial advantages to the end customer.

### A ROADMAP TO COMMERCIALISATION:

Investee Companies will have a clear path to commercialisation which is less than 36 months from the point of initial investment.

### MARKET OPPORTUNITY GREATER THAN £100 MILLION:

The opportunity should have a minimum addressable global market size of £100m.

### Businesses with the potential to deliver 10x multiples at exit

**A strong and ambitious management team:** The Fund will focus on working with and building experienced teams with a track record of success in the sectors and markets in which their companies operate.

These criteria are indicative only and Foresight will have the discretion to invest in companies which may not exhibit all of these characteristics.

## Common Business Objectives

Foresight and WAE are entrepreneurial businesses that focus on innovation, flexibility and sustainability.



### Foresight Group

Fundraising
Fund management and administration
Fundraising for portfolio companies through relationships with other investors
Transaction management and Investment negotiation
Investee Company financial & commercial support
Board representation
Exit planning
Sourcing of Non-Executive Chairmen/Directors
Proprietary deal flow and sourcing of investment opportunities
Regular investor communication
Co-Investment sourcing

### Williams Advanced Engineering

Fundraising support through events and knowledge sharing
Technical due diligence for each investment opportunity*
Production of IP due diligence relating to the strength of any patents (unless otherwise agreed with Foresight Group)
Ongoing investee company support under a Master Services Agreement
Commercial introductions
Sourcing of Non-Executive Chairmen/Directors
Deal flow and sourcing of investment opportunities

\*where possible, Williams Advanced Engineering will undertake technical due diligence.



The relationship between Foresight and WAE is working well and the diagram above shows how responsibilities are split between the teams.

## Risk Factors

The Fund Manager sets out the key risks below. For full details please refer to page 50 of the Information Memorandum.

- Investment in smaller, unquoted companies involves a high degree of risk
- Investors may not get back any or all of their investment
- Small, thinly capitalised companies in new markets are vulnerable to performance risk, counterparty credit risk, interest rate risk, market risk, supplier and customer concentration risk and other commercial risks which might impact their performance
- Fund Manager's inability to identify appropriate Investee Companies/loss of key staff at Foresight and/or WAE might damage Fund performance
- Past performance is not necessarily a guide to future performance and may not be repeated
- Lack of liquidity for individuals to sell investments
- No guarantee investments can be realised after four years
- EIS relief is dependent on investee companies continuing to meet strict qualifying criteria
- Tax reliefs depend on personal circumstances and government policy, both of which are subject to change

## Details of the Fund

<b>Fund Structure</b>	Unapproved EIS Fund
<b>Minimum Subscription</b>	£10,000
<b>Fundraising Timetable*</b>	Evergreen
<b>Target Portfolio**</b>	A likely minimum of ten investee companies
<b>Sector Focus</b>	Unquoted companies which have early-stage disruptive technologies applicable across a wide range of industrial uses
<b>Tax Reliefs***</b>	<ul style="list-style-type: none"> <li>• 30% Income Tax relief<sup>1</sup></li> <li>• Capital Gains Tax exemption</li> <li>• Capital Gains Tax deferral</li> <li>• Inheritance Tax exemption</li> <li>• Loss Relief is also available</li> </ul>

<sup>1</sup> Income tax relief applies to all UK taxpayers on the amount invested into EIS qualifying companies up to £2,000,000 in any one tax year. The relief is retained provided that shares are held for three years subject to the Investee Companies retaining their qualifying status.

\*The Fund may be closed for new subscriptions at any time.

\*\*Depending on the funds raised and the investment opportunities secured

\*\*\*For a full summary of the tax reliefs available see page 40 of the Information Memorandum

Fees & Charges	
<b>Retail Client Initial Charge</b>	2.5% of the Subscription (net of any agreed adviser charges)
<b>Professional Client Initial Charge</b>	5.5% of the Subscription
<b>Annual Management Charge*</b>	2.0% of the Portfolio value + VAT
<b>Secretarial Charge</b>	0.3% of the value of the Portfolio + VAT (subject to an RPI-linked minimum of £60,000 in aggregate)

\*One year's AMC will be charged from Investors' Subscription after the 14-day cooling off period (net of any agreed Adviser Charges and the Foresight Initial Charge) in advance. From year two onwards, the AMC will be recouped through investee company exits, dividends or income.

### Adviser Charges

Adviser Charges agreed between investors and their financial intermediaries (up front and ongoing) may be facilitated from the amount subscribed (or the proceeds of sale of investments or dividends) and will reduce the value of the Investor's investments via the Fund and, therefore returns. Adviser Charges are deducted before funds are invested into EIS qualifying companies and, therefore, do not qualify for EIS relief. Commission may be payable in certain circumstances.

### Performance Fee

This fee is only payable once investors have received proceeds of at least £1 per £1 invested in the Fund. The Performance Incentive Fee is calculated at 20% of distributions to investors in excess of £1 per £1 invested in the Fund.

### Foresight Support

Investors and intermediaries will be sent biannual investor portfolio reports every six months.

## Next Steps

If you would like to discuss this investment opportunity with someone at Foresight Group please do not hesitate to contact us on **020 3667 8199** or **sales@foresightgroup.eu**

**IMPORTANT INFORMATION** Issued by Foresight Group LLP ("Foresight"), The Shard, 32 London Bridge Street, London SE1 9SG, which is authorised and regulated by the Financial Conduct Authority (FCA number: 198020). Applications to the Foresight Williams Technology EIS Fund may be made only using the application form contained in the Information Memorandum, copies of which are available from Foresight, and will only be accepted subject to the terms and conditions of the Information Memorandum. No reliance is to be placed on the information contained in this document in making any such application. This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities, nor does it solicit any such offer or invitation. Prospective investors should seek their own independent advice and then rely on their own independent assessment of the Funds. Foresight Group LLP is unable to provide tax, financial, legal or investment advice. If you are in any doubt about the content of this presentation and/or what action you should take, you should seek advice from an independent financial adviser authorised under FSMA who specialises in advising on opportunities of this type. Past performance is not necessarily a guide to future performance and may not necessarily be repeated. This Investor Guide includes statements that may be deemed to be "forward looking statements" which are not based on historical fact but which relate to future events and circumstances. Such statements involve risks and uncertainty and should not be taken as a representation that any trends or activities will continue in the future. The contents of this document have been prepared by and approved as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 by Foresight Group LLP, which is authorised and regulated by the Financial Conduct Authority (FRN: 198020). Neither Williams Technology Ventures Limited nor any member of the group of companies of which Williams Grand Prix Holdings PLC is the ultimate parent company, assumes any responsibility for the contents of this document.

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